



Lawrence Berkeley National Laboratory
Office of the Chief Financial Officer
Procurement & Property Management Dept.
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Ms. Maria C. Robles
U.S. Department of Energy, Berkeley Site Office
1 Cyclotron Road, Mail Stop 90R1023
Berkeley, CA 94720

Subject: FY 2008 Procurement System Evaluation Schedule

Dear Ms. Robles:

The Berkeley Lab Procurement System Evaluation Plan (SEP) provides that the Procurement and Property Department will measure the effectiveness of its purchasing system and internal controls to ensure compliance with applicable contractual, statutory, regulatory, policy, and procedural requirements by conducting risk-based self-assessments of its purchase order, subcontract, and agreement transactions and of the procurement transactions of the Distributed Purchasing Unit. This Schedule describes the self-assessment activities which will occur during FY 2008 and is submitted concurrent with the FY 2008 Appendix B Performance Evaluation and Management Plan, Balanced Scorecard Protocol for Procurement.

Pre-Award Reviews

Pre-Award reviews will be conducted by Procurement Group Managers and through Contract Review Boards (CRBs). As described in the SEP, Group Manager Supervisory reviews will be conducted for all awards and modifications exceeding subcontract administrator's signature authority. All solicitations, awards, and modifications meeting the criteria for a CRB will be reviewed as provided in LBNL Standard Practice 4.9, *Contract Review Board*. Systemic findings from these reviews will be resolved immediately. CRB minutes for Calendar Year 2007 will be reviewed in February 2008 to assess any related training needs.

Post-Award Reviews

In FY 2008, Group Manager Judgment Sample Reviews will be conducted of 15% of each subcontract administrator's written award and modification transactions over \$25,000, which are within their signature authority.

Two random sample reviews will be conducted during the year:

- Low Value Purchases (\$25K and under): The sample universe will include all purchases under \$25K that were awarded during the period October 1, 2006 – September 30, 2007. This review will be started in November 2007.
- Small Business Program Requirements / Price Reasonableness: The sample universe will include all purchases over \$550K and a statistical sample of purchases > \$25K - \$550K awarded during the period April 1, 2007 – March 31, 2008. This review will be started in May 2008.

A Self-Assessment Team roster and Plan/Agenda, along with associated worksheets and checklists, will be provided to the DOE Contracting Officer and UCOP prior to each random sample review. The sample universe for the random sample reviews will exclude subcontracts awarded to agencies of the former Soviet Union (Russian Orders), agreements with the University of California campuses (IUTs), and Management and Operating (M&O) Contractor actions.

Optional Judgmental Reviews

LBNL Internal Audit Services (IAS) was requested to perform a post-implementation review of the new automated eBay Procurement System for frequently purchased supplies and equipment. This review has been included in Internal Audit Services' Audit Plan for FY 2008.

Procurement may also elect to conduct additional self-assessment reviews of selected types of transactions, based on their determination during the year that certain activities warrant such reviews. The types of transactions that could be selected for review include those that are high-dollar, high-risk, safety-related, etc. The transactions for such optional reviews would generally be selected on a judgmental sample basis.

Procurement Card Transaction Reviews

These reviews will be conducted on a periodic basis as described in the SEP.

Reports & Resolution of Findings

Only CRB reviews will be compiled and reviewed as part of the Pre-Award Review function. A report covering the February 2008 assessment of Calendar Year 2007 CRB findings and plans for corrective actions required will be submitted to DOE and UCOP in March 2008.

A report summarizing the nature of Group Manager Judgment Sample Review findings for indicators of potential training and system needs will be submitted to DOE and UCOP in June 2008. This report will cover the review of April 1, 2007 – March 31, 2008 awards.

Within 30 days after completion of each Random Sample Post-Award Review, a summary of findings and resolutions will be compiled and submitted as required by the SEP.

Results of the Procurement Card Transaction Reviews will be summarized in the quarterly Balanced Scorecard Reports.

Procurement Quality Index for Balanced Scorecard

Only the Random Sample Post-Award Reviews, and Optional Judgmental Reviews that are similarly scored, will be used to calculate the Procurement Quality Index. Average scores for each review will be multiplied by its ratio to the total number of transaction samples and then added together for an overall score.

The following gradients will be used to determine the overall Procurement Quality Index rating for the Balanced Scorecard:

Procurement Quality Index Score	Points Earned
≥ 88.0	30.0
75.0 – 87.9	27.0
62.0 – 74.9	24.0
50.0 – 61.9	21.0
< 50.0	18.0

If you have any questions, please call me at (510) 486-6019.

Sincerely,



Derrol J. Hammer, Manager
Procurement & Property Management Department

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